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Department of Justice

U.S. Attorney's Office

Middle District of Tennessee

FOR IMMEDIATE RELEASE

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Two Tennessee Health Care Executives Charged For Role In \$4.6 Million Medicare Kickback Scheme

Nashville, Tenn. – April 9, 2018 - Two Tennessee health care executives were charged in an indictment unsealed today for their alleged participation in a \$4.6 million Medicare kickback scheme involving durable medical equipment (DME).

Joining U.S. Attorney Don Cochran of the Middle District of Tennessee in making the announcement were Acting Assistant Attorney General John P. Cronan of the Justice Department's Criminal Division, Special Agent in Charge Derrick Jackson of the U.S. Department of Health and Human Services Office of Inspector General's (HHS-OIG) Atlanta Region, Special Agent in Charge John F. Khin of the U.S. Department of Defense Criminal Investigative Service's (DCIS) Southeast Field Office and Director Mark Gwyn of the Tennessee Bureau of Investigation.

John Davis, 40, of Brentwood, Tennessee, and Brenda Montgomery, 69, of Camden, Tennessee, were each charged with one count of conspiracy to defraud the United States and to pay and receive health care kickbacks, and seven counts of paying and receiving health care kickbacks. Davis is the former CEO of Comprehensive Pain Specialists (CPS), a large, multi-state pain management company. Montgomery is the owner, founder and CEO of CCC Medical Inc., a DME company with five locations in Tennessee and headquartered in Camden. Davis and Montgomery were arrested this morning and appeared this afternoon before U.S. Magistrate Judge Alistair E. Newbern of the Middle District of Tennessee.

"Our Medicare program is designed to help those who are most vulnerable and in need of medical services and equipment," said U.S. Attorney Cochran. "Stealing funds from our health care system places the vulnerable at greater risk and diverts public funds into the pockets of the greedy individuals who exploit those with the greatest need. We will be un-relenting in our efforts to bring to justice, those individuals and corporations who choose to profit at the expense of the health of those individuals with the greatest need."

“The charges against John Davis and Brenda Montgomery, alleging almost three quarters of a million dollars in illegal health care kickbacks and the submission of over \$4.6 million in fraudulent claims to Medicare, demonstrate the Department of Justice’s commitment to protect taxpayer dollars and to hold corporate executives accountable for fraudulent and abusive conduct,” said Acting Assistant Attorney General Cronan. “Kickbacks such as those alleged in the indictment distort markets and undermine public trust. The Criminal Division and our law enforcement partners will continue to root out fraud, waste and abuse in our health care programs, no matter how complex the schemes.”

“Kickback schemes like this one do not benefit patients or the Medicare program,” said Special Agent in Charge Jackson. “These arrangements are simply designed to line the pockets of the defendants at the expense of the taxpayer.”

“In concert with our partner agencies, DCIS aggressively investigates fraud and corruption that undermines the integrity of Department of Defense programs,” said Defense Criminal Investigative Service Special Agent in Charge John F. Khin. “These defendants selfishly put greed and personal gain before the safety and well-being of our military members, their families, and retirees, who deserve the best medical care available.”

“Having the support and cooperation of our partner local, state and federal agencies is critical in our combined efforts to protect Tennesseans from individuals attempting to derive a personal benefit at the expense of patients and taxpayers,” said TBI Director Mark Gwyn.

According to the indictment, from June 2011 to June 2017, Montgomery paid Davis, approximately 60 per cent of the Medicare proceeds, as kickbacks, in exchange for Davis directing CPS employees and providers to send Medicare DME orders and referrals to Montgomery’s CCC Medical. It is alleged that Montgomery and Davis used a nominee and filed false tax documents to disguise the kickbacks.

Beginning in or around May 2015, according to the indictment, Davis and Montgomery renegotiated their illegal agreement to further obscure their personal contract from Medicare and from CPS owners and employees. The indictment alleges that from approximately May 2015 until approximately November 2015, Montgomery agreed to pay Davis \$200,000 for the sham purchase of a shell entity known as ProMed Solutions LLC (ProMed). Davis and Montgomery renegotiated the sham transaction after Montgomery complained that her referrals from CPS had been lower than expected, and Montgomery ultimately paid \$150,000 for the shell, ProMed, according to allegations in the indictment. The true purpose of this payment was to induce Davis to continue driving CPS referrals to CCC Medical, the indictment alleges.

The indictment alleges that Montgomery, through CCC Medical, submitted over \$4.6 million in fraudulent claims to Medicare, and that Medicare paid a total of \$2.6 million on those claims. Further, the indictment alleges that Montgomery paid more than \$770,000 in illegal kickbacks to Davis.

An indictment is merely an allegation and all defendants are presumed innocent until proven guilty beyond a reasonable doubt in a court of law.

This case was investigated by HHS-OIG, DCIS and the Tennessee Bureau of Investigation Medicaid Fraud Control Unit. Assistant U.S. Attorney Ryan Raybould of the Middle District of Tennessee and Trial Attorney Anthony Burba of the Criminal Division's Fraud Section and are prosecuting the case.

The Fraud Section leads the Medicare Fraud Strike Force, which is part of a joint initiative between the Department of Justice and HHS to focus their efforts to prevent and deter fraud and enforce current anti-fraud laws throughout the country. The Medicare Fraud Strike Force operates in nine locations nationwide. Since its inception in March 2007, the Medicare Fraud Strike Force has charged over 3,500 defendants who collectively have collectively billed the Medicare program for over \$12.5 billion.

Topic(s):

Health Care Fraud

Component(s):USAO - Tennessee, Middle**Contact:**

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